## **CONCEPT:** AGGREGATE EXPENDITURES MODEL IN A PRIVATE CLOSED ECONOMY

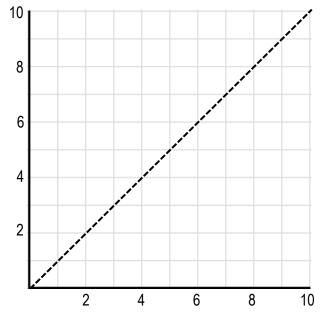
•	The aggregate expenditu	ures model describes	the relationship between	and	
•	THE aggregate experient	ai co illouci acociloco	the relationship between	anu	

□ A *private closed economy* is a country that \_\_\_\_\_ have government or international trade

☐ In the AE model, think like this:

AE =	Consumption	Investment	Government Purchases	Net Exports
		<b></b>	1	

## Private Closed Economy



	Amount (in billions)
Consumption	2 + 0.5Y
Investment	1
C + I	

☐ Macroeconomic Equilibrium occurs where the AE (C + I) line crosses the \_\_\_\_\_\_